

Steel

During the 1960-70 decade the production of crude steel in the Sino-Soviet Bloc is expected to increase more rapidly than in the free world, though at declining rates. The annual rate of growth of crude steel production in the USSR, the European Satellites and Communist China is estimated at 8.3 percent in the 1960-65 period and 5.9 percent during 1965-70. In the US, capacity and production will increase at an annual rate of 3 percent throughout the decade, assuring a 4 percent annual growth in gross national product. Estimates of crude steel production in the free world and the Sino-Soviet Bloc in selected years are as follows:

	<u>Million Net Tons</u>			
	<u>1962</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>
US	23	115	143	165
Other NATO	93	117*	124	142
Other Free World	41	47*	55	73
Total Free World	253	332	322	380
USSR	50	71	99	132
European Satellites	71	84	94	103
Communist China	15	20	39	55
Total Sino-Soviet Bloc**	102	115	172	227
Total World	355	524	494	607

\*Estimated capacity January 1960.

\*\*North Korean production, estimated at .83 million tons in 1960 and 3.3 million in 1965 is not included.

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On a per capita basis, crude steel production in the Soviet Union will increase from one-half that of the US in 1960 to 70 percent in 1970.

European Satellite steel production in 1970 will be about one-half that of the US in that year, and Communist Chinese less than one-tenth.

The expansion of the Sino-Soviet Bloc steel industry is to be accomplished by the provision of facilities and the introduction of technology comparing favorably with those available to the free world. The principal distinction between technological practices in the US and the USSR will result, not from basic differences in physical facilities, but from the Soviet emphasis on production in contrast to the product-orientation of the US industry. Thus, the US steel industry will continue to provide a variety of steel mill products developed for the specific needs of consuming industries, whereas the Soviet steel industry will continue to enjoy the cost advantages associated with a limited product mix. In special fields such as the military-related high temperature alloys and refractory metals, however, the Soviet Union will continue to maintain priority for advanced research and development.

A direct comparison of free world and Bloc statistics for steel production may be misleading without consideration of other significant factors in addition to relative quality of product. One of these is the capability of the free world industry for a rapid increase in production to the extent that capacity in excess of average output is maintained to meet fluctuations in demand. Most important, however, is the Soviet practice of allocating full output in accordance with the varying objectives of Soviet policy -- political, military, and economic.

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Raw Materials

The Sino-Soviet Bloc as a unit will during 1968-70 remain substantially self-sufficient in steelmaking and alloying minerals, in contrast to the US and Western Europe, which rely increasingly on imports. Within the Bloc, however, the European Satellites will continue to be dependent on imports, principally from the USSR, for most alloying minerals and approximately 85 percent (iron content) of their requirements of iron ore. The cost of transportation from Krivoy Rog in the Ukraine may cause these countries to seek free world sources for a greater portion of their iron ore imports, estimated to exceed 36 million net tons in 1970. European Satellite countries could derive political as well as economic benefit from the development of known iron ore and alloying mineral deposits in uncommitted countries in Asia, Africa, and South America.